



FOR IMMEDIATE RELEASE

Wednesday, June 20, 2018

MAY 2018 STATE REVENUES NEAR LEVEL WITH BUDGETED ESTIMATES

NASHVILLE, Tenn. – Department of Finance and Administration Commissioner Larry Martin today announced that overall May revenues were \$1.1 billion, which is \$13.1 million more than the state budgeted.

"Total reported revenues in May reflect an increase compared to this time last year, but were very near the estimates for the month," Martin said. "Sales tax and franchise and excise tax revenues, the state's largest tax revenue sources, exhibited growth compared to last year, but were slightly less than their budgeted estimates. Most of the month's growth over the budgeted estimate came primarily from two sources - the Hall tax and motor vehicle registration receipts. All other tax revenues, taken as a group, were less than the May estimates.

"With May revenues posting little gain compared to the budgeted estimate, year-to-date revenues made only a small advancement compared to last month. Nonetheless, as we near the end of the fiscal year, we are optimistic state revenues will exceed estimates at the end of the fiscal year."

On an accrual basis, May is the tenth month in the 2017-2018 fiscal year.

General fund revenues were more than the budgeted estimates in the amount of \$6.2 million, while the four other funds that share in state tax revenues were \$6.9 million more than the estimates.

Sales tax revenues were \$2.1 million less than the estimate for May and they were 0.42 percent more than May 2017. May sales tax revenues reflect retail business activity that occurred in April. For ten months, revenues are \$67.5 million higher than estimated. The year-to-date growth rate for ten months was 4.24 percent.

Franchise and excise tax revenues combined were \$0.3 million lower than the budgeted estimate in May, and the growth rate compared to May 2017 was positive 12.81 percent. For ten months, revenues are \$171.2 million more than the estimate and the year-to-date growth rate is negative 0.93 percent. However, adjusting for the one-time payments received last fiscal year and this fiscal year produces a positive year-to-date underlying growth rate of 5.87 percent.

Gasoline and motor fuel revenues for May increased by 14.39 percent compared to May 2017, and they were \$1.6 million less than the budgeted estimate of \$93.1 million. For ten months, revenues have exceeded estimates by \$7.0 million.

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Tobacco tax revenues were \$0.7 million less than the May budgeted estimate of \$21.5 million. For ten months, they are \$8.6 million less than the budgeted estimate.

Inheritance and estate tax revenues were \$0.1 million less than the May estimate. On a year-to-date basis revenues for ten months are \$3.0 million less than the budgeted estimate.

Hall income tax revenues for May were \$11.5 million more than the budgeted estimate. For ten months, revenues are \$29.0 million more than the budgeted estimate.

Privilege tax revenues were \$1.2 million more than the May estimate, and on a year-to-date basis, August through May, revenues are \$21.3 million more than the estimate.

Business tax revenues were \$1.0 million less than the May estimate. For ten months, revenues are \$14.9 million more than the budgeted estimate.

Motor vehicle registration revenues were \$5.9 million more than the May estimate, and on a year-to-date basis, revenues are \$21.8 million more than the estimate.

All other tax revenues exceeded estimates by a net of \$0.3 million.

Year-to-date revenues for ten months were \$321.1 million more than the budgeted estimate. The general fund recorded \$276.4 million more than budgeted estimates and the four other funds \$44.7 million.

The budgeted revenue estimates for 2017-2018 are based on the State Funding Board's consensus recommendation of November 29, 2016 and adopted by the first session of the 110th General Assembly in May 2017. Also incorporated in the estimates are any changes in revenue enacted during the 2017 session of the General Assembly. These estimates are available on the state's website at <https://www.tn.gov/content/tn/finance/fa/fa-budget-information/fa-budget-rev.html>.

On November 20, 2017 the Funding Board met to hear updated revenue projections from the state's various economists. On November 27, 2017 the board adopted revised recurring revenue growth ranges for the 2017-2018 fiscal year. The current fiscal year's revised ranges recognize growth in total taxes from a low of 2.43 percent to a high of 2.67 percent, and a general fund growth from a low of 1.16 percent to a high of 1.40 percent.

On April 19, 2018 in the second session of the 110th General Assembly, the legislature passed the 2018-2019 budget, which included the Funding Board's current year revised ranges and also the administration's amendment to the proposed budget. The governor signed the budget bill on May 21, 2018.

With the passage of the appropriations act, Public Chapter 1061, the General Assembly recognized in the current fiscal year an additional \$49.7 million in total revenue and a corresponding increase in general fund revenue in the amount of \$27.8 million.

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Table 1
Revenue Collections by Fund
May
2017-2018

Fund	2018				2017 Actual	2018	
	Actual	Budgeted	B/(W)	Percent		B/(W)	Percent
General Fund	\$906,006,000	\$899,781,000	\$6,225,000	0.69%	\$885,265,000	\$20,741,000	2.34%
Highway Fund	77,516,000	74,101,000	3,415,000	4.61%	61,683,000	15,833,000	25.67%
Sinking Fund	30,453,000	30,477,000	(24,000)	-0.08%	34,292,000	(3,839,000)	-11.20%
City & County Fund	87,484,000	83,977,000	3,507,000	4.18%	75,690,000	11,794,000	15.58%
Earmarked Fund	7,000,000	7,000,000	0	0.00%	3,583,000	3,417,000	95.37%
Total	\$1,108,459,000	\$1,095,336,000	\$13,123,000	1.20%	\$1,060,513,000	\$47,946,000	4.52%

Revenue Collections by Tax
May
2017-2018

Tax Source	2018				2017 Actual	2018	
	Actual	Budgeted	B/(W)	Percent		B/(W)	Percent
Franchise & Excise	\$58,836,000	\$59,141,000	(\$305,000)	-0.52%	\$52,156,000	\$6,680,000	12.81%
Income	17,638,000	6,103,000	11,535,000	189.01%	5,810,000	11,828,000	203.58%
Inheritance & Estate	77,000	161,000	(84,000)	-52.17%	110,000	(33,000)	-30.00%
Gasoline	68,894,000	69,798,000	(904,000)	-1.30%	59,868,000	9,026,000	15.08%
Petroleum Special	5,853,000	5,813,000	40,000	0.69%	5,883,000	(30,000)	-0.51%
Tobacco	20,843,000	21,505,000	(662,000)	-3.08%	21,755,000	(912,000)	-4.19%
Beer	1,633,000	1,674,000	(41,000)	-2.45%	1,560,000	73,000	4.68%
Motor Vehicle Registration	30,794,000	24,883,000	5,911,000	23.76%	21,088,000	9,706,000	46.03%
Motor Vehicle Title	2,014,000	2,150,000	(136,000)	-6.33%	2,036,000	(22,000)	-1.08%
Mixed Drink	10,769,000	10,057,000	712,000	7.08%	9,514,000	1,255,000	13.19%
Business	28,505,000	29,476,000	(971,000)	-3.29%	28,000,000	505,000	1.80%
Privilege	78,551,000	77,361,000	1,190,000	1.54%	73,999,000	4,552,000	6.15%
Gross Receipts	263,000	91,000	172,000	189.01%	833,000	(570,000)	-68.43%
TVA - In Lieu of Tax Payments	28,084,000	28,164,000	(80,000)	-0.28%	27,827,000	257,000	0.92%
Alcoholic Beverage	5,845,000	6,178,000	(333,000)	-5.39%	5,735,000	110,000	1.92%
Sales and Use	733,067,000	735,216,000	(2,149,000)	-0.29%	729,985,000	3,082,000	0.42%
Motor Vehicle Fuel	16,731,000	17,444,000	(713,000)	-4.09%	14,218,000	2,513,000	17.67%
Severance	48,000	117,000	(69,000)	-58.97%	135,000	(87,000)	-64.44%
Coin-operated Amusement	14,000	4,000	10,000	250.00%	1,000	13,000	1300.00%
Unauthorized Substance	0	0	0	NA	0	0	NA
Total	\$1,108,459,000	\$1,095,336,000	\$13,123,000	1.20%	\$1,060,513,000	\$47,946,000	4.52%

Table 2
Revenue Collections by Fund
Year-to-Date
August - May
2017-2018

Fund	2017 - 2018				2016-2017	2017-2018	
	Actual	Budgeted	B/(W)	Percent	Actual	B/(W)	Percent
General Fund	\$9,854,193,000	\$9,577,793,000	\$276,400,000	2.89%	\$9,676,294,000	\$177,899,000	1.84%
Highway Fund	761,334,000	734,894,000	26,440,000	3.60%	605,338,000	155,996,000	25.77%
Sinking Fund	304,301,000	303,718,000	583,000	0.19%	341,247,000	(36,946,000)	-10.83%
City & County Fund	989,438,000	971,713,000	17,725,000	1.82%	888,863,000	100,575,000	11.32%
Earmarked Fund	136,668,000	136,665,000	3,000	0.00%	35,833,000	100,835,000	281.40%
Total	\$12,045,934,000	\$11,724,783,000	\$321,151,000	2.74%	\$11,547,575,000	\$498,359,000	4.32%

Revenue Collections by Tax
Year-to-Date
August - May
2017-2018

Tax Source	2017 - 2018				2016-2017	2017-2018	
	Actual	Budgeted	B/(W)	Percent	Actual	B/(W)	Percent
Franchise & Excise	\$2,065,317,000	\$1,894,131,000	\$171,186,000	9.04%	\$2,084,653,000	(\$19,336,000)	-0.93%
Income	243,527,000	214,521,000	29,006,000	13.52%	248,008,000	(4,481,000)	-1.81%
Inheritance & Estate	(328,000)	2,683,000	(3,011,000)	-112.23%	13,302,000	(13,630,000)	-102.47%
Gasoline	667,482,000	661,202,000	6,280,000	0.95%	552,134,000	115,348,000	20.89%
Petroleum Special	56,886,000	56,352,000	534,000	0.95%	56,317,000	569,000	1.01%
Tobacco	204,265,000	212,833,000	(8,568,000)	-4.03%	210,643,000	(6,378,000)	-3.03%
Beer	14,238,000	14,317,000	(79,000)	-0.55%	14,538,000	(300,000)	-2.06%
Motor Vehicle Registration	279,426,000	257,584,000	21,842,000	8.48%	228,380,000	51,046,000	22.35%
Motor Vehicle Title	20,821,000	19,689,000	1,132,000	5.75%	19,668,000	1,153,000	5.86%
Mixed Drink	97,045,000	91,038,000	6,007,000	6.60%	86,006,000	11,039,000	12.84%
Business	167,816,000	152,874,000	14,942,000	9.77%	161,097,000	6,719,000	4.17%
Privilege	326,652,000	305,325,000	21,327,000	6.99%	300,815,000	25,837,000	8.59%
Gross Receipts	10,224,000	13,082,000	(2,858,000)	-21.85%	15,611,000	(5,387,000)	-34.51%
TVA - In Lieu of Tax Payments	287,136,000	288,674,000	(1,538,000)	-0.53%	286,528,000	608,000	0.21%
Alcoholic Beverage	55,347,000	57,783,000	(2,436,000)	-4.22%	53,763,000	1,584,000	2.95%
Sales and Use	7,368,366,000	7,300,876,000	67,490,000	0.92%	7,068,677,000	299,689,000	4.24%
Motor Vehicle Fuel	180,839,000	180,636,000	203,000	0.11%	146,360,000	34,479,000	23.56%
Severance	786,000	1,107,000	(321,000)	-29.00%	1,036,000	(250,000)	-24.13%
Coin-operated Amusement	89,000	76,000	13,000	17.11%	39,000	50,000	128.21%
Unauthorized Substance	0	0	0	NA	0	0	NA
Total	\$12,045,934,000	\$11,724,783,000	\$321,151,000	2.74%	\$11,547,575,000	\$498,359,000	4.32%